be as well to consider what is wrong with our present methods, and what sort of improvements are suggested by the reformers. At present, as every one knows, international payments are in normal times ultimately settled by shipments from one country to another of gold. Gold has achieved this position for reasons which have been described in all the currency text-books. Mankind proceeded from a state of barter to a condition in which one particular commodity was used as the chief means of payment simply because this process was found to be much more convenient. Under a system of barter an exchange could only be effected between two people who happened to be possessed each of them of the thing which the other one wanted, and also at the same time to want the thing which the other one possessed, and the extent of their mutual wants had to fit so exactly that they were able to carry out the desired exchange. It must obviously have been rare that things happened so fortunately that mutually advantageous exchanges w^re possible, and the text-books invariably call attention to the difficulties of the baker who wanted a hat, but was unable to supply his need because the hatter did not want bread but fish or some other commodity.

It thus happened that we find in primitive communities one particular commodity of general use being selected for the purpose of what is

now called currency. It is very likely that this process arose quite unconsciously ; the hatter who did not want bread may very likely have observed that the baker had something, such as a bit of leather, which was